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A P P E A R A N C E S

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I N D E X

E X H I B I T S

(WHEREUPON, THE FOLLOWING PROCEEDINGS
BEGAN AT APPROXIMATELY 1:30 P.M.)

MR. BROCKMAN: Good afternoon. I'd like to welcome you to the Corps of Engineers Finance Center. I'm Tom Brockman, the director here. And what I'd like to remind you first is, every Sunday or every Saturday night when you go to church, the priests all ask for you to cut your cell phone off.

So, if you have a cell phone and it's on, I'd ask that you cut it off so you don't disturb other people. I would like to again welcome you to the finance center. And you have been issued badges for security reasons; I would ask that you confine your activities to this room and the room across the hall.

We do have a presentation for you today. If you still feel you need to see the facility, we'll do that by appointment after hours or on the weekend or whatever you -- however we can accommodate you. Also, I've given you an agenda on your desk that we can follow.

I'd like to begin by introducing our panel. Dr. James Rich is our contracting officer for this study. Dudley Smith is our contracting specialist, and Sherry Taylor is our legal advisor. I'd also like to introduce my principal deputy director here at the finance center, Ms. Cindy Blevins, sitting in the back.

And Mr. Lee Autry, who is the deputy director for finance, and also Pam Kildow, who is our performance -- led our Performance Work Statement, which I'm sure all of you are familiar with, and she'll also be giving you a briefing today, as well as Dr. Rich.

If you've had an opportunity to read a PWS and look at our website, I'm sure you've realized this is an accounting organization, and it's basically managed by accountants. So, you will hear a lot of people say that accountants never lose arguments, they either change the form or restate the rules.

But I will say that our managers here in the finance center, they do take our product and our services seriously. They are always looking for opportunities or seeking opportunities to improve our service or reduce our costs, but off the record I will also tell you, hey, that we've won it. So, as we go forward here today, I'll also let you know that we are a sustaining organization here. The Corps of Engineers has 62 operations worldwide. It has headquarters in Washington DC, nine regional business centers or major subordinate commands, including the most recent one in Iraq, 42 districts, and six areas of expertise, and this finance center being one of them.

And although we are a sustaining organization here, we are very familiar with outsourcing. For example, our mailroom, our managing department is staffed with contract personnel, as well as -- this organization, rather than having staff on board, will buy our service from another organization to reduce our cost.

And we also have an office in Huntsville that supports our financial management system. The maintenance on the software for those -- those financial management systems are by contract.

I will talk a little bit -- you'll hear acronyms today, and I'll try to get -- government people are good with acronyms, and I'll try to get some of those acronyms out of the way. You may hear USACE today, US Army Corps of Engineers. You may hear CORPS; that stands for Corps of Engineers or US

Army Corps of Engineers, and then you'll hear USACE Finance Center, US Army Corps of Engineers Finance Center, or you may hear UFC, which is an acronym in an acronym used as US Finance Center, UFC.

So, you'll also hear CEFMS, Corps of Engineers Financial Management System. You'll hear CEEMIS, which is our reporting system, our Corps of Engineers Enterprise Management Information System, and our two management information systems that we maintain.

You'll also today, and if you haven't had an opportunity to review the USACE webpage, you'll hear the term military and civil. Civil is referring to our civil infrastructure, the maintenance development operation and sustaining our national resources and our national infrastructure.

Those funds come to us under the Energy and Water Development Act as previously implemented in '96, and then we'll talk about the military on the other side, comes to us through the Department of Defense in a congressional preparation act.

And those symbols are usually 21 for Army, 97 for DoD. And then, of course, we have reimbursable work on both sides that creates a buyer/seller relationship where somebody's buying our service from Corps of Engineers, or we're buying their service, and we also broker work between other activities.

So, all of the financial transactions for the Corps of Engineers worldwide runs through this finance center. And we also, as I told you, we maintain two automated information systems, financial management systems we'll refer to as CEFMS and CEEMIS.

CEFMS is a detailed cost accounting system that maintains that financial information for both civil works and military, and we'll demonstrate that today. What I've asked Pam to do, who is responsible for our performance work statement, is to develop a presentation today that would give you an overview of more or less looking at what our work looks like from the CEFMS side.

It's not going to be detailed; it will be limited, but you'll get a little bit of an idea of what type of work our business process is through the finance center. Our first slide that we just left really talks about one team, one mission, one corps. And that's what we're all about in the US Army Corps of Engineers. And at the bottom of that first slide it talked about the finance center providing worldwide funds and accounting, and that's what we do here. For all of these operations worldwide, we provide their operating finance accounts. If you look at our organization chart, this is the highest level of our organization chart.

This office is directed by assistant developments. They are not in this building; they're located in Huntsville, but we're not looking at them for this study. We're going to -- really, the study is confined to -- we're going to look at the finance, which, when we talk about finance, we're going to talk about accounting.

Accounting is -- accounting, we're going to refer to that as reporting, and we're not looking at accounting under this study. We're looking at finance, which we call our paying pallets: Accounts payable, debt management, accounts receivable, travel, and disbursements.

We have four bullets here; every organization has a goal. The first one I'll put into simple terms, is Wal-Mart prices, Kodak quality, and FedEx feed. And that's what we're about here; providing the best, most cost-efficient service in the

Department of Defense. We are also trying to attain consistency in accounting operations and reporting throughout the command. I would not say that we do that a hundred percent, but we pretty well have it down now between the financial management system, which has had some flags in there, and our processes here.

We are pretty consistent throughout the command on our processes. The third bullet, I expect it, my managers expect it, and our customers expect it after nine years, because they've had it for nine years: Advancing technological capabilities here at the finance center.

We basically fall under three areas there: Improvements in our financial management system, CEFMS, improvements in our business processes and other governmental accounting systems through U.S. Treasury or Federal Reserve or other agencies, and also our own business processes chains here in the finance center, which sometimes lead back to the financial management system for those improvements and cost reductions.

So, let's get into our missions and functions. When we're looking at this slide, we're basically talking about accounting here. When we get down into this, prepare and submit quarterly USACE Civil Works CFO statements and notes, in the federal government we're all looking for that Holy Grail today called Unqualified Financial Statements, and we're trying to achieve that same thing here.

We're pretty close, but -- I think we've been close, but it's a very difficult thing to obtain. It's highly consumed us here, but when we think about it, every financial transaction in the Corps of Engineers rolls up through this organization in preparation, submission, and supporting those financial statements.

Now, it's not under this study, but everything that goes on here, and paying an entitlement, which we're really talking about, those financial transactions roll up. So, we're under the eye of auditors constantly here, looking at all of our business processes, even in those areas, to make sure we're in compliance. Next slide.

Now, when we get into processing accounting documents, we're really into the area of what we're doing this study for. Now, if you're familiar with the government, it's a little different than on the public side. First of all, we have laws and statutes. And we're dealing today with the CFO, we have GAP, government accounting standards. We also have the Financial Advisory Accounting Board for those things that do not fall under the -- that are federal transactions that do not fall under Gap.

Of course, we have our own internal agency. We have our own DoD policies and regulations that we have to follow for the entitlement payments. Now, most of those are built into our financial management system through various edits and flags.

We have a very robust financial management system. I would say it's the best in DoD, and probably one of the best in the government. But when we get into commercial payments, we're making all the commercial and intra-governmental payments where I talked about that buying and selling and brokered work between the Corps, all falling under commercial as well as the intra-govermental payments.

We're paying USACE travelers approximately 12 to 15,000 vouchers a month is what we're paying, and they expect a two-day turn around or less. Customer billings, we've had a lot of customer billings. As a result of that brokered work and reimbursable work, we do a lot of reimbursable work with FEMA on hurricane disasters. That creates that buyer/seller relationship. It also creates collecting those receivables on the CFO side and reducing those receivables and processing those transactions quickly and accurately.

And, of course, our IRS reporting. As a result of our permanent change stations, we have to do various reports to the IRS and generate W-2s at the end of the year, and we generate approximately 30,000 1099s through our service system at the Corps of Engineers each year.

And we process all of the centralized accounts through the Corps of Engineers here, centralized accounts meaning an activity that is used by every Corps of Engineers activity. So, we pay that cost out of here and then prorate that cost back to the correct places.

Then we disburse and collect funds. We disburse the Treasury checks via electronic funds transfer to the Federal Reserve, Intra-governmental payments and Collections System, which is a Treasury system. That's basically how I would equate it to the activity. But we're not actually seeing a check;

we're sending it back and forth. And then we have wire transfers. You will notice there there's no cash transactions. We handle no cash. Continuing on with disbursing, we do disburse in foreign currency.

We disburse in US dollars, Treasury checks and electronic funds transfers, we disburse in Euros, Korean Won, Japanese Yen, and Danish Kronur. Currently that's what we disburse in.

Our collections, we handle negotiable instruments coming in as checks or money orders, we have electronic funds transfers coming in, intra-governmental payments and collections coming in, and wire transfers. So, we have outgoing after the inbound, as well as outbound.

Foreign currency operations, we have foreign accounts with different banks: JP Morgan in Tokyo, Cho Hung Bank in Seoul, Korea for the Won, and Bank of America in Frankfurt, Germany for the Euro dollar. So, not only do we have checks stocked in the U.S. Treasury checks, we have check stocks on these other banks.

Okay. Okay. I want to really key in on this slide, on our CEFMS concept, and CEFMS is our Corps of Engineers Financial Management System that I mentioned. I want to key in on source data entry on this slide. Source data entry means that the data is entered in the financial management system at the point of origination.

So, in the government, if you're familiar with the government, we have commitment accounting, and we have obligations accounting, and non-public that the public doesn't have. So, those transactions generate activity at the commitment level, they move into the obligation level, into the payable, and move through the system as all integrated into that one financial management system.

And it traces itself back all the way from the disbursement so that we have --and the data is only entered one time. So, when we come down here and look at single source data, once that data is entered at the origination point by, say, the commitment level, that follows all the way through the system.

It never has to be re-entered again. That data is collected, all of the information entered in the financial system. We also have electronic signature capability, SmartCard where we're signing things electronically rather than hand signing.

Electronic Signature Capability is an in-house design in our system. It will probably be moving to public key infrastructure in the next few years, hopefully. On our automated travel, it's basically paperless here.

It's integrated in the financial management system. It's uploaded to the Integrated Army Travel system for computation, it's back downloaded to a system for a disbursement. And our systems do give us the opportunity for improved business process changes.

These -- the center part there is -- we're not -- really, they're on the slide. They're not really -- they're listed as other Corps of Engineers Automated financial management systems that interface with CEFMS. Some of them pass data; REMIS is also an ORACLE system, so we share an ORACLE payment.

RMS, which is a Resident Management Information -- Resident Management system actually passes payments from project engineers, which is downloaded out of that system into CEFMS.

This kind of gives you an idea of all the systems that we're involved in. And these on this side are internal automated information systems in the Corps of Engineers; on this side are non-Corps of Engineers systems, starting with DCPS, which is our payroll system. That pays all our payroll.

The only two systems on this slide that we're really dealing with on this support agreement would be CEFMS and IATS, IATS being a computation for the upload of that data. IATS is the computation. Next.

So, when we talk source data entry, that source data entry over here is entered at an activity, at one of those 62 activities, or one of the sub-offices, and it flows through the financial management system. The electronic approval that we talked about with the ESIG cards also happens at the work station at that installation, as well as here.

So, activities are entered as source data activity out there as well as we're entering data. They're electronically approving transactions, as well as we're electronically approving them here.

This is all handled through our CEAP network, our Corps of Engineers enterprise information structure. We have two processing centers that we're talking about right here, and those are Portland, Oregon and Vicksburg, Mississippi. But the average person here does not know whether they're operating at Vicksburg or Portland. It's immaterial. Okay. Personnel security requirements. Of course, I'm sure from the PWS you're familiar with the National Agency Check with Inquiries.

To come on base you have to have a DoD service decal for a privately operated vehicle, which, you have to have registration, driver's license, a common access card which would be issued by the Department of Navy here on the base, and then proof of registration and insurance to get a decal to get your car on the base.

Common Access Cards are issued by the Navy here. Electronic Signature Cards are provided for all of our employees for entering data in the financial management system. So, that's kind of an overview of how we operate in the Corps of Engineers and what we provide as a service. Any questions? Okay. Pam -- no, Dr. Rich is next.

DR. RICH: Okay. Good afternoon. We're ahead of schedule, and hopefully we'll continue in that vein. I must have skipped the first slide. This is -- this is the contracting piece -- this is the acquisition piece that I want to walk through today. And as -- I want you to understand that the contracting officer is, as in any source selection, and in an A-76 process, is a process manager, a decision maker on the process.

But as I walk through this, I want you to understand my role in this, and to make clear that that role is, I am -- I am not a technical expert on the PWS, and I'm not an accountant. So, we can answer those questions, but those sorts of questions if they're posed will be answered by the PWS team, and that's whether you ask that today or down the road.

But we do have -- we do have an excellent system for getting your questions in, getting them answered, and getting them back out globally to the community of interest. So, you've already seen the FedBizOpps. In fact, you've already seen also the RFP that went out I believe 14, October, so y'all should have a copy of that RFP with the PWS in it.

So, what I want to talk about and walk through the process -- and we will have a question and answer period at the end of the day, so I will ask you to hold your questions, but I will be here today to answer those, and you can contact me through Mr. Smith at any time, and we will respond to your questions about the acquisition process itself. Two points here, and I will talk a little bit about this later. This is going to be a tech -- a lowest price technically acceptable evaluation, and I will get into that in depth in a future slide.

But you're going to be evaluated technically for acceptability of your proposal, and you will then be evaluated on cost. And the lowest price technically acceptable offer will be the winning offer. The other thing, we put this on here, it's in -- it's important that we, all of us, that we maintain the firewalls between the PWS and the MEO.

And, of course, that's my job, and what that really goes to is, that's a metaphor for insuring that this is an honest process, that it reflects integrity and it's above-board. I'll give you my personal assurance on that.

I took this role on not for this particular competition, but I am the contracting officer for the United States Corps of Engineers for all A-76 competitions. I have the same charge, and I take each of them equally seriously, but maintaining that firewall, and overall maintaining integrity in the process; making sure that when you're dealing -- when you're dealing with me and when you're dealing with the team, that you feel comfortable that you're getting fair -- fair answers, honest answers, and that you're comfortable with the process.

So, I want to talk about -- these are the -- and you've all had a copy of the RFP, so these are the evaluation factors that we will be discussing. The first one is technical.

I think this is laid out pretty clearly in the RFP, and I will add, because this is a low price technically acceptable acquisition, the factors are not weighted. Oftentimes that's a question, but there's no weighting of the factors. You have to be acceptable on each factor.

So, no one factor counts more than any other factor. So, that's the overview on the technical factor. Management, that's pretty straightforward. For those of you that do federal -- federal acquisition, we oftentimes talk about the management, organizational capacity.

It's pretty straightforward in this RFP. By the way, will copies -- can copies -- can copies of this presentation be linked up to the website? So, for those of you that are taking notes, this will be up there. I want to talk about past performance. We do evaluate past performance, but the circuiter is clear that we do not evaluate the past performance of the MEO.

So, the MEO to some extent for obvious reasons will not be submitting data on past performance, because they -- they as an entity do not have a record of past performance, as would a private sector service provider.

And there are a couple of those exclusions in the circuit, and I'll touch on a few of them. On experience, although -- and we'll -- we may handle this by amendment, although the MEO is not specifically excluded in the circular, we do talk about if the MEO has subcontractors over a certain dollar threshold and so forth.

We're going to issue you a clarifying amendment on that having to do with whether or not the MEO will have to submit data on the experience of primary subcontractors.

But for the private sector service providers, we have that in there, and I think, once again, that's pretty straightforward. The cost factor, and what I want to touch on here, I think all of you that are familiar with A-76, you're familiar with COMPARE. So, the technically acceptable offers will be put through COMPARE to arrive at a price, which will be the proposal price.

Once it's been processed through COMPARE, however, each of -- each of the offers that are found to be technically acceptable, your price proposal, your cost proposal will also be assessed for completeness, reasonableness, and realism. And that will be by the cost evaluation team that will be part of the source evaluation part.

Now, this first bullet I've really already discussed. The second bullet, this is a service disabled veteran owned small business set-aside. Because it is set aside for small businesses, there will be no submission of subcontracting plights.

Okay. That's across the board. So, we won't -- we won't be doing that. It's a firm, fixed price. The offers -- the offers will be a firm, fixed price, and the resulting contract will be a firm, fixed price.

Base period with four one-year option periods, and we oftentimes have some questions on this: The phase-in period for this competition is 90 days. That 90 days does not count against the contract performance period. So, one way to think of that is: There will be a phase-in period; it will be for no longer than 90 days, and the first full performance period, which will be year one of the contract, will start on Day 91; okay?

So, it's going to be base year four option years, plus the 90 days up front. We pulled a couple of bullets out here, and you noticed in the RFP that we identified a statement that identifies the common costs. Those would be the costs that are common to all offers.

There is a separate CLIN. This is required -- this is required by the circular. There is a separate CLIN for the phase-in plan. That is the plan that is associated with the 90 day phase-in period.

So, you -- you provide -- not only do you provide that plan, but you cost it out, and that's a line item on the schedule, and it's consistent with the circular. You have to provide a cost quality -- a quality control plan. Once again, this will be up there. These are the sites in the RFP that will be referenced. These are some of the other -- and I'm going to add one issue here: These are some of the other requirements that the agency tender is not required to submit, the labor strike plan, licensing or other certificates, and we've already talked about past performance.

Were this not a small business set-aside, the MEO would also not be required to submit a small business subcontracting plan. But in this particular case, no one is required. So, that is not an issue here.

I want to go over these somewhat carefully, because I think it's important for offerors to understand what these bullets mean. When we say that everything is in the RFP, I'm not standing up here and telling you that it's perfect. That's why we have these forums; that's why we have pre-proposal conferences.

We learn -- we learn from industry, and we learn from the MEO where we have either made mistakes, or it's not clear to the point that it is ambiguous and needs to be corrected so that everyone can submit a better offer. But it's -- if it's not there -- we believe it's there, and if it's not there or if it's unclear to you, please call it to our attention in a timely manner, and we'll deal with it. And when we issue a clarification, it will be -- it will be issued to all. So, it will be out there, and it will be public.

If we ask it, provide it. I don't think -- and I don't think that this will happen here, but I have been -- surprisingly, I have been involved in a number of source selections over the past number of years, and we oftentimes have someone -- we ask for something in a proposal, and someone doesn't provide it, and they don't provide it because they -- they will make comments like, well, we didn't really think you needed it. Or, we had a better idea.

And I don't have a problem with better ideas, but because this is low price technically acceptable, if you don't provide something that we're asking for, you know, that will be a weakness that may rise to the level of a deficiency. Now, we'll come back out and ask for it again if it's a deficiency, but, you know, it's important.

So, if we're asking for something, please provide it. If you have questions about why we're asking, you can submit that, and we'll respond to that. I'd like to introduce -- this is Mr. Dudley

Smith here to my immediate right. He is the contract specialist on this, and for many of you, he will become your new best friend, because he's the guy that you're going to go through to get questions, to get answers, and I can assure you that we all work as hard as we possibly can to get the message back out; to make sure that you understand what it is that we want.

If you educate us on what we've got in the RFP that needs to be changed, we change it, we get it back out. But Dudley is the go-to guy; okay? That's why he's got his phone number up there. I'll give you mine at the end. But that's the plan of attack here: Go through him, and he will get it out. He will get it out to all of us, and then we'll get back to you.

Don't anybody be late, please. It just complicates my life. We give you -- you know, you know exactly when it's due. And from time to time, things happen. You know, we're getting into -- now, we're going to be getting these things back on -- flash a schedule up, but we're going to be getting these back 10 January, so it's the middle of winter. Weather might be an issue. Take that into account;

we do, too. We're not unreasonable, but, please, try to get everything in timely. I -- this next to the last bullet really should be obvious, but the -- I have a tremendous faith in the process that we use.

I have had nothing but good experiences with the quality of the people that we find to sit here on these boards, their integrity, their commitment to doing it right. And I just want you to know that what we -- we give these people a source selection plan, and that becomes -- that becomes their Bible for how to do it.

There's no other agenda; there are no other factors. What you see -- what you see in that RFP is collected in the source selection plan, and that's what that group of people are going to use. And that's all they're going to use.

So, it's really important for all of us in this process to have some faith that that, in fact, is true. And all I can tell you is, that's what I do every day, is to make sure that that is the case.

Yeah, I mean, you have to respond to all of the factors; okay? So, unless -- unless, as in the case of the MEO, there are factors that you are not required to respond to, and you will know that.

Otherwise, if it's in there and it's a requirement, you need to respond to it. If you don't -- if there's something about one of the factors that you don't understand or you want some clarification on that, please contact Mr. Smith.

This is the updated acquisitions schedule. We're currently -- I guess the important date for you is January 10. Right now I don't see that moving either direction. We'll see where it -- we'll see where it goes from there. Okay. I -- you can write those down.

Once again, this will be out -- we'll hang this out there and link it up so you can get to it. I would -- as I said, please go through Mr. Smith, but if there's something where you discuss with him and you need a contracting officer's decision, or you need to talk to the contracting officer, please do so.

And I -- I answer my phone calls; I respond to email. I've got a Blackberry, so I'm just as much a slave as most of you are with that. But don't hesitate -- if you've got a question about the process, please don't hesitate to bring it up. It's a formalistic, legal process. Timeliness matters.

But we're more than happy to do everything that we possibly can to make sure that you fully understand what it is we're after, and what we're expecting of you to submit in your proposal. So, with that -- and now we're really ahead of schedule -- Pam, are you up? Great. And we will -- we will take questions at the end.

MS. KILDOW: Okay. My name is Pamela Kildow, and I was the PWS team leader for this accounting support contract -- service contract, and I'm going to start right off where he left off and go backward.

We released our public announcement on the 2nd of March, and PWS team started training and developing their PWS on the 22nd of March. The PWS team consisted of me and Mary, and that was pretty much it at first.

We did get contract support from CITEL with Bruce Bright (PHONETICALLY) and Bob Palmaroy, both very good contractors. We also had a reach-back team that helped us gather information, and we had a customer review team that reviewed everything we did. So, we've been looked at. The scope of the study is the director of finance, and Tom told you that earlier. That consists of the accounts payable division, travel division, but we're only looking at temporary duty travel, not PCF travel, the accounts receivable division, debt management division, and disbursing division.

We have 62 support sites, one headquarters office, nine division offices, 42 district offices. We have four labs, but we have one consolidated CEFMS database for all four labs, and we have six centers of expertise, which, the finance center is one of those.

We also have numerous offices under each one of our district offices, such as recreation sites at our dam sites, O&M sites (PHONETICALLY) at our dam sites, and our navigation sites where you see the barges going up and down the river.

Every single one of these cites have CEFMS access. So, when we talk to people out in the field, we're talking to everybody over the country, thousands of offices, thousands of different disciplines, different socioeconomic backgrounds and everything.

So, we really do get involved with a lot of different people. Our data collection was -- our baseline year was 2004. We used the 2004 CEFMS database to query information about how many transactions we do and the type of transactions.

We also keep internal reports and databases that we use to gather information. We took physical counts of the documents we have on file here, and we did a three month tally sheet figure that we couldn't gather information any other way, and we actually sat there and tabulated it every time we did it for about a three month period. It ranged different for each office.

So, we also did interviews with key employees to find out what the processes were. In the PWS, we said that we were going to furnish property and services. We're going to furnish the facility; we're going to furnish equipment and supplies for you to have at your desk and everything.

We have software, we have access to databases such as CEFMS and CEEMIS, which we talked about earlier, and then IATS, which is not a Corps of Engineers database, but we have accesses to that, numerous Treasury databases, all kinds of databases that you'll be able to access. And we'll have information management support. This is our facility. You probably saw it when you walked in the door. Look familiar? Okay. And it is a gated facility, a secure Navy base. You have to sign in as a visitor. You're given a badge, and the badge can access you through certain doors, but not all doors.

And now we're going to try something new. This is our building in 3-D, and what we have is building accesses. You can come in through the two back doors, which we have a parking lot back there and a parking lot on the side, and if you come in through the main entrance, that's the door where the guard is.

But you have to have badges for any of those doors; they're all secured access. And then we also have conference facilities. Each director has their own conference room, and it has a capacity of about eight people. There are four of them.

And then we have a division conference room. Each division office has a small conference room that seats approximately six people. This is usually used for, like, small tasks or counseling sessions or things like that. We also have the executive conference room, which is Tom's conference room, and it has teleconferencing, video recorders so you can give presentations, computer access to CEFMS or CEEMIS, whatever you need, the internet. The general rooms, conference rooms, the multi-purpose room and the general conference room are basically for larger gatherings of people.

Then we have a standard room, which is what we're in now, and that seats about 250 people. And then also in the facility we have break rooms, which, the main cafeteria and the two small break rooms are where we keep coffee pots. Each one of these have refrigerators and microwaves in them.

And we also have outside break areas, and you see at the top there there's a gazebo at each one, and there's two non-smoking and one smoking. And that is our only designated smoking area on the facility.

We also have -- the areas that we're going to be looking at are disbursing, which is located -- that's a secured office. You have to have your key card coded in order to get in there.

Not all our key cards are coded. If you go into that room, you have to be escorted through that room if you don't have access to it. And then we have accounts payable division, which is up in the back corner, travel division, and debt management and accounts receivable are in the same -- in the same room. Two separate divisions, but in the same room.

And these are all the areas where the SP, the service provider will be working, co-working with, at the same time. And then we have a few -- this was just a government funded facility that we have of conference rooms, just to give you a better idea of its capacity. If you need to use the conference facilities as a service provider, you would just schedule it through the main -- the office.

Like, if you needed the executive conference rooms, you would contact the main office, they would contact the executive office. So, its basically scheduled like that. There's nothing in there.

Okay. This is our training room. We have two training rooms. We have 20 computers in training room each. We have CEFMS access, CEEMIS access, internet access. We do self-paced learning training in there, and it also has -- so you can do it as a group, it has the video equipment and everything you need in there. We do our STL training in here. This is what our typical cubicles look like. They're 48 square feet, 8x6, and each one of them will be set up with a computer, a monitor, a CPU, a mouse, a keyboard, a telephone, and all supplies that are needed.

This is our break room where we have a lunch room, and there's tables set up. There's also vending and refrigerators and microwaves that you can use. And then these are the back rooms where we have the coffee pots set up. And this is an outside break area.

Then we also have parking. We have sufficient parking. We have 480 spaces. Fifty of them are reserved for handicapped, employee of the month, employee of the quarter, and management. And -- sorry about that. Okay.

Like I said, we're going to provide a CPU, a monitor, a keyboard, and a mouse. We have telephone with voicemail services. Our voicemail service is Audix. We have joint use equipment in each room which consists of copiers, facsimiles, printers, check stuffers, and disbursers.

Also, we have high speed printers. They're all connected to the internet so you can connect to any printer in any room from our INET. Our government furnished software, currently we're using

Microsoft Office Suite XP 2003. We have Word, Excel, Power Point, Access which we use. We have Microsoft Outlook 2003 E-mail. We also have internet access, and we use a Highland On-base Client Imaging Software to do checks and disburses -- checks and deposit slips.

These are some of the databases we use. The first few are Corps of Engineers databases. The INET is a USP database, which is the finance center, and then you have the IATS, CASH-LINK2, Fedwire, GOALS, IPAC. Mindterm Secured Shell Communications is what we use to access SQL -- standard query language.

And then we also use PowerTrack for our transportation vendor on-line payment system. And we have -- WEB DMS is also a UFP system. It's where we manage all of our invoices as they come in so that we can key them to record maintenance, and we also have access to the web invoicing system WIN, so that people can submit their invoices on-line to be paid.

We don't have too many that do it that way, but we do have access to it. Our information management support are responsible for set-up, relocation, and disposal of all equipment. They do problem resolution such as maintenance malfunction --

I mean, equipment malfunction, database malfunction, and software problems. This is our INET, and as you can see, you can access CEEMIS, CEFMS, Mindterm, which is our SQL program.

We also have the help desk on here, and the WEB DMS system. So, most of our systems, internal systems, are there. And then it also gives pertinent information, as you can see, that the sourcing is up here so that our employees stay abreast of what is going on in the study.

This is the -- further down on the page, I couldn't fit it all on one page, but it has items that employees might want to know about, job opportunities, bi-weekly reports. And then we also have the inner-office.

You can click anywhere on that space and it will take you to the different databases that we have, internal databases, and then you can install any printer on your machine, and then we also have training opportunities.

When you click on the inner-office space, it will give you this screen, and then you can use the one you -- decide which one you want to go to next, and it will take you to the different databases that we have. And you have to have access to it. It's managed by our information management office, and you have to get access to it. There's a list of about probably 20 different databases, and I only have access to four. So, that shows how important I am.

This is our problem reporting system. If you're out of toner, you can just click on there, and you'll get a screen that shows you the building layout, and depending on which printer needs it, needs -- which printer, fax or copier machine needs a new toner, they will bring it to you. They have all of the information tied up so that it just tells automatically.

They don't have to call and ask you what kind of printer or anything like that. And then it will tell you if you have a card problem, that's what you would use. If your SmartCard is locked, lost, it gives you instructions on how to fill it out and you can submit a report.

There's also various CEFMS help and general computer help, and then also for maintenance requests, like, health and safety requests, and other requests. And here's the form you would fill out. It's on-line, and based on what you picked, it will go to the person who's responsible for that automatically, to the desk help, and they're usually there within five minutes unless everyone is submitting one, and it make take ten. This is our CEFMS log-in screen. You can log into CEFMS or CEEMIS from here.

As you can see, on this screen right now there's 62 databases. Each one of those represents a different database in CEFMS. At the end of the year, we close two of our databases; we close G1 and G2, which are two of our pre-consolidation lab sites.

U3 will probably be closed -- it's scheduled for closing, because everything is going to go through U4, which is survey, registering and purchasing development center.

So, once you go into CEFMS and log in, and you press on one of those buttons and you'll get this screen. It has to stay open the whole time. And then you're given a password and an ID by our Director of Administration initially, and then we have a website where you can go out and change that password. You're given a log-in password, but your UNIX password and your ORACLE password you can change to whatever you want it to be so you can remember it.

And then once you sign in, you go into CEFMS user -- you have to either register with WinSig or you have to use your card to get any further.

So, once you choose to register with WinSig, you would go down here to this little icon at the bottom and click on it, and you'll get that little square that comes up, and then you go to basic package, manual registration, and it will give you this screen, and you just push it.

And if you choose to use your card, you'd put your card into the reader, and it will ask you for your pin number. Employees are given a card -- if they're required use these capabilities for the job that they're doing, then we give them a card, and it's just -- it's used by the Department of -- or, Director of Administration.

They're usually good for three years unless you have certain authority to, you know, like to -- sometimes they're only one year. The SP will probably not have -- by SP I mean the service provider; I got so used to saying that when we were doing reports, and it just keeps coming out. But anyway, the SP will probably be given three year parts. This is the CEFMS main log-in, and CEEMIS is pretty much the same. You get the same window, except it says CEEMIS Production Application, and you use the same password that you have for CEFMS, but there's no need.

That's what we use to import upward to headquarters. It also has this little button down here, UFP local reports, and that's what the -- the service provider would you use most often, because it's just different transmittals and you can run report time, and things to do research.

So, that's -- for the most part, the people in support services would use that. And that's used -- that's in CEEMIS. We also have our technical library for the PWS out on the web page.

This is our web page. And if you -- okay. You go to this on the bottom, click on that, and then you'll get -- either you can go to the Baltimore district, which is the website where everything will be, presentations and everything will be there, or you can go to the technical library.

And when you go to the technical library, you can see that -- it gives you, like, links to the U.S. Code, the Code of Federal Regulations, Department of Treasury Regulations, and publications. And these are all documents that we use at the finance center. In other words, they're bank publications, and it also has DoD, Corps of Engineers, the joint travel regulation.

It has forms out there that you can use. Any forms that we have listed in the PWS should be out there. And then when you get to the bottom, you will see that we have our internal SOPs that we use, and those might be helpful in determining things.

So, anyway, that's our -- that's our technical library and software. Okay. We're going to go into accounts payable division, which is the first division in the PWS. It's C5-4.

We're a world-wide payment office. We do commercial contracts and local cooperation agreements, and we disburse in U.S. Dollars and four other foreign currencies. We receive our -- everything, invoices by U.S. mail, by email, by facsimile, and also the DFAS Web Invoicing System.

We have -- currently we have a contract for our mailroom and our imaging services. When it comes into the mailroom, they automatically stamp the invoice with the official paying office and official stamp date. That's -- the stamp date is what we'd use in terms of, as long as we're listed as the paying office on the contract, that's the date we'd use as receipt for the prompt payout criteria.

And then they image it; which, we keep an imaged copy of all invoices here for the required amount of time. You can -- on the WEB MDS system, you can retrieve it by contract or ob -- we call it obligation number here, but you guys would probably call it contract number, the contractor's name, the invoice number, or the invoice date or the day it was received.

And once they image them, they put them into bins for accounts payable to sort at least twice a day. When it gets to accounts payable, they sort them by order of importance, and then they process them into receiving reports as available. They process that first, and then if they have to research anything in CEFMS to get the receiving report or to get contacts out of the receiving port.

They research the invoice in Status dot 1, which is the status obligations table, and that's how then they validate the obligation and that funds are there, and also, which is to determine the status of the receiving report, and verify the vendor information such as the payment address and the unit cost. Now we're going to do a little CEFMS demonstration. We're going to use our test database. This is our test database, so it's not a production database. So, typically Jeremy would not be signing in with my card. So, it would pop up in my name, and he would not have that access. So, I'll let you know that.

But first you would go -- okay, this is for the invoicing process. Financial management functions, and then financial management Number 3. Now, you can either type this in, push the button or type it in at the bottom down where it says go. Expenditures and disbursements, invoicing functions, and then we're going to create a database.

So, when you go in here, the first thing you're going to do is hit F9, F4, F2. And that brings you to the obligation screen. Obligations are set up by the supported activities.

So, we have nothing to do with obligations. We can't obligate money; we can't change the obligation in any way. They have to do it in the CEFMS system themselves. So, when we type in the obligation number, he's going to hit F3 to query it, and typically it goes like that. But, of course, today it wouldn't. So, when it comes up, you -- sometimes you might have more than one delivery order, and you'd have to make sure you pick the right delivery order, you'd hit the select key, and then it pulls in your obligation information.

That obligation information cannot be changed by anybody here at the finance center. Then you go down, and it automatically gives you a sequence number and your invoice number, because that's the 23rd invoice in that obligation. But you're going to go ahead and put in an invoice reference number as the invoice, that's on the invoice, the number that's on the invoice.

And then you use your invoice date and your invoice receive date, which was stamped on your invoice when it came in. We're just going to use today's date just to be simple. Okay. And then when you go to the payment -- pay office ID, that is the vendor.

And the vendor is also loaded by the supported activity, so there's no way we can change that information. If you hit F4, it will take you to a list of vendors. These are -- this is the vendor

ID up at the top for these obligations, and these are the addresses that they have available under that vendor.

So, you have to make sure that that address matches to the invoice. And then you just hit select, and it puts the information in there. You can put in discount days if there's discount days indicated on the invoice, or -- along with the percentage of discount.

And then you can put in any remarks, like if the invoice was late coming in, or if the district called you and asked you to pay it early, or whatever information you need to put in. You can put that in there, and then you would put in F4 here to query up the line items.

These line items are on the obligations, so it's a supported activity, and it cannot be tampered with by the finance center. You select the line item that you want that's in accordance with your invoice, and when it brings it in, this is a bulk lump sum line item.

It has no unit price or unit quantity there, so you can just put in any amount that's on the invoice that's left on that contract. And we're going to make a dollar payment here. Then if you want to put another line item in, then go in there and hit F4 again, go down to line item marked, and this one is a quantity.

It has one quantity left on there. These are all the invoices that have been processed before. You can change the unit price if it's a different price, and then change out the money automatically.

Then it calculates it, and then you just hit save, and you just created an invoice. And that's with your signature card. So, you do need signature capability to create an invoice.

And then after that, you would go in and -- whatever report you just called in, it would match up all the receiving reports on there, the invoices that we just created, and then they would go to certifications. And this little screen, you just hit start, and it goes pretty quickly.

It depends on how many invoices there are out there, the size of the database. But it's usually fairly quick. And you don't have to sit and wait for it to finish. It used to be that we had to sit and wait for it to get finished, but they've put it on a side server, so now you can go out and you can leave that screen and go create more invoices, and it will keep going. And then after you can print out the report, send the invoice out to the certifier. Certification is not part of the study, so certification would go into the government side of the house.

Okay. So, the service provider will be responsible for sorting and distributing all documents received, creating invoices, reviewing CEFMS error reports, running and reviewing receipt voucher logs, which we've talked about, and preparing daily disbursing transmittals to make sure that what we said we were going to disburse on those days actually went.

Types of problems they encounter are: That there is no receiving report, they have to go back to the district and ask them to load the receiving report if they actually received it, or, if you have a receiving report out there but you don't have an invoice, you have to go back to each of the contractors or the district and ask them for a copy of the invoice so that we can get it into imaging and pay it before we pay the subsequent ones, or there could be an obligation number that is missing or incorrect, address changes where you'd have to go back to the district, and insufficient funds. So, you can see we need to call the district a lot whenever we have these problems.

And especially in customer service you have to be able query the system and find out who you're going to contact. You have to be able to explain to them. So, it does take quite a bit of interaction between the employees here and the support activity and the vendors and other government agencies.

So, it can get quite extensive. We're going to move on to Travel division. Their mission is to process and certify the travel settlement vouchers for USACE employees.

We do -- here at the finance center we do TDYs, temporary duty, we do PCS, permanent change of station, and obviously PCS is not in the scope of the study. For both of those we have people going in the Continental United States and outside of the Continental United States.

Their mission is to interpret various travel regulations, provide administrative procedures and so forth, ensure internal controls are in place with the activities, to compute the amount due to the traveler, and to ensure proper documentation is included. So, what they do is when employees return from temporary duty, they present their vouchers through their local CEFMS database.

Travel settlement vouchers are downloaded from CEFMS to IATS every day, and you do not need ESIG capability to download files. So, what we're going to do here is actually show you on the screen, because we don't have a test IATS database to get into.

So, basically you go to the travel -- from the financial management maintains, you go to travel. We go to financial and then -- never mind. And then you go to travel. And then you're going to go to IATS interface. And then you're going to select Number 1, extract voucher date and DL to IATS.

So, once you go in there and you save it, when you say okay, it will populate the number of vouchers that are on that database. You'll have to accept it by clicking on the box. Download times are very short in CEFMS IS.

And then you're going to transfer files. So, you would check off on the user tools and then hit transfer files. Now you have to sign into your IATS database. The director of administration will also give passwords and user names out to everybody that needs access to the IATS database.

And then you just go through some log-on procedures. When you get to the IATS main menu, what you're going to do is click on import, and in import you will get these two sub-menu items, and you want to go to import request from non-IATS system option.

Select files to import by clicking on them. That's what you just downloaded, and then you'll go up to the top tool bar, go to View, and hit Examiner functions. And then you go into Grab Blocks, which are the blocks you're pulling over.

It gives you a list and you tell them which one you want to get, and you click okay. And then you have to confirm your password, IATS password again, and then you go to Process Block.

And this will allow you to see individual travel vouchers, and each one of those has a voucher and -- I mean, a social security number and the name to give out for security reasons, and the travel voucher number. And then you're going to go to View/Modify, and then you can click on each one of these tabs at the top, and, you know, verify that the data is correct. For the remit to tag, you're going to verify the traveler's mailing address. For the Advance/Accruals, you're going to check and make sure that the travel order advances -- they had no travel order advances or prior payments.

Entitlement, you're going to itemize -- it's an itemized list of the amount that each traveler is owed, and then total amount owed to traveler by category.

And then, Remarks are comments the traveler made about what he did that may be unique to that system. Once it's verified, you pass it off to the -- vouchers are printed off and pass it on the certifier, which is, again, a government employee.

And the types of problems that they have can be incomplete itineraries, overlapping days on the voucher, unclear remarks -- they didn't make it clear what they were trying to do -- improper input, non-reimbursable items claimed -- you have to go back and tell them that they can't claim it on their travel document -- and constructive cost not provided. If you decide you want to -- you want to drive your car instead of taking an airplane, you have to prove it's more cost-effective. And under the PWS service provider responsibilities includes processing temporary travel vouchers, processing requests for travel advances to TDY, and creating billing to recoup overpayments. So, that's travel.

Accounts receivable division. In accounts receivable, they manage the collection of current debts owed the U.S. government, they generate and certify current accounts receivables, they record and certify all government obligations, and they make demands for debt payments in writing.

Their mission is to process PROSPECT training bills, which is out of Huntsville, Alabama, generate documentation for all current manual bills, generate supporting documentation for applicable customer orders that contain a command indicator code. Now another demonstration.

We're going to create a bill in CEFMS. We just wanted you to be able to see how simple it is. We're very proud of it; it's the best. That's really true. Okay.

We're going to go to financial management functions, and then go down to financial management, and assume and disburse, government billing functions. Once you -- once -- actually, once you get in here and do your menu, you'll get used to these up at the top, and you can just type that in as your Smart Screen, and it will go right there and you'll not have to go through this.

Create update governmental billing. Okay. So, what he's going to do is F9 -- F4, and he's going to query his obligation. It goes in that query mode, so he doesn't have to -- you can use the wild card in CEFMS, so you can use either the percent or type in the whole document number.

And it pulls up the document, and it's just like in the invoicing process; this is created by the district. There's nothing we can do to change it. Okay. We're going to change this to an IPAC. IPAC is Intergovernmental payment and collections systems.

It's a government-wide system, and all -- so, it automatically pushes and pulls money back and forth between agencies. IPAC trace number, put in off the bill that came in that they, and then you can put remarks in if you need to, put in a reference bill number, and then we're going to put in the date.

And it automatically populates the date. You can change that date if you need to, but it automatically populates the payment due date. And this is the same thing. If you put in a payment address, F4, you'll get a list, and it will tell you this is USACE -- you can narrow down through these various addresses if you need to to check for the complete address.

So, you select the one that you want that is correct, and then you're going to check the little box on the side for that line item. There could be multiple line items on here, so you only want to check the items you want to pay this bill for, and then you put in your amount. And then you hit save, and you've just created a bill.

Okay. And when it does that, it's verifying the signature on the card. You can also follow along on the bottom, on the green line down there. It gives you instructions on what you should put in those blocks if there's a list of different things you can put in there.

Okay. Types of problems they encounter in accounts receivable are insufficient funds, incorrect reference obligation, missing obligations, incorrect agency location codes, or incorrect method of accomplishments. And in all of these cases, they have to contact the district in customer service, you have to go back and find out what's going on, let them know that, you know, we need to get this data before we can process it.

The service provider responsibilities in the PWS are: To sort and distribute all documents received, process intra-governmental bills in CEFMS, process PROSPECT training bills, review, identify, and initiate follow-up collection action for current account receivables, record and prepare GOALS2 bills, and prepare daily disbursing transmittals.

These are the key points that are listed in the C5 for each different area. The difference between accounts receivable and debt management at the finance center is that accounts receivable consists of interpreting and implementing policies, developing business processes, and performing daily operations over the recording, reporting, and routine collection of debts on or before the due date.

The debt management is the same except for it's for delinquent debts, anything past the due date. For debt management, we use accounts receivable reports, or the management tools, and help inform DoD decision makers the value of the debts held by the Corps, and actions taken to enforce collection. Their mission is to follow-up in accordance with regulatory guidance, to establish aggressive strategies consistent with statutory authority, exercise due process, and return debtor to the current payment status, or maximize the collection of the debt.

We have public debt and we have intra-governmental debt. Our public debt is in-service debt, out-of-service debt, contractor debt, which consists of revenue generating agreements, water supply storage contracts, or vendor overpayments.

Our intra-governmental debt is within DoD. We can have it between two Corps activities, or other DoD, meaning Airforce, another Army. And we also have outside DoD, other government agencies, such as USACE, or Department of Treasury, or Homeland Security.

We wanted to define non-delinquent debt and delinquent debt. Non-delinquent debt is current receivables. They're due within the next twelve months following the end of the reporting period. We also have non-current receivables, which are not due within the next 12 months following the end of the reporting period, which is our long-term water storage contracts. And then we have delinquent debt, and that's receivabls unpaid for more than 30 days from the date of the -- the billing date.

So, debt management is -- their processes include sending demand letters for debt over 30 days old, ensuring due process via letters, contacting debtor by phone, aggressively researching other methods if they can't get them by phone, providing supporting documentation to customers upon request, and providing comparison of billing history to customer payment history.

If we cannot get -- contact a debtor, we're unsuccessful, then we have to either use disposition or write-off. We have -- for disposition of debt we have our civil funds. We have to prepare civil funds to transfer to Treasury, and these are the criteria.

And then for the military funds, we prepare them for transfer to DFAS Columbus, and they have a little bit different criteria. When we write-off a debt, we determine if the debt was greater than 50 -- if there's a greater than 50 percent likelihood that it's going to be uncollected, then we work with the supported activity to make that determination.

That's for the public debt. And then for intra-governmental debt, it cannot be written off. The agency has to explain -- I mean, they have to have a really valid cause for non-payment, but we can adjust it.

There are reasons that we have disputed bills. The valid reasons are: Lack of supporting documentation, no authority to bill, non-receipt of goods or services, and duplicate billings. This is an open items report that they use in debt management.

It has the debtor, the funds site, the age of the accounts receivable, and they use this to research their information. And then we also have the customer order billing lists, which shows their history. And as you see here, they don't have anything outstanding.

Types of problems they have are: Supported activity established the obligation incorrectly, individual out-of-service debt was transferred to UFC by DFAS, or debtor no longer works for USACE and has an outstanding debt. So, for each one of those they would have to contact the district, try to find out a way to collect the debt. And also for debt management, we don't really do any kind of creation in CEFMS; we use the system data from our current application, so we don't have a demonstration for that. There's a lot of researching and analyzing data.

Disbursing division manages the disbursement of all properly certified liabilities for the Finance Centers' Supported Activities. We have five currencies: U.S. dollar, Korean Won, Japanese Yen, Danish Kronur, and Euro dollars. And we can disburse by EFT or Treasury checks or wire transfers.

And they also manage all incoming cash transactions; any time these funds comes in, they have to make sure they're accounted for and deposited into the correct account.

They effectively safeguards all public funds placed in the custody of USACE Supported Activities, and they manage the processing of Intra-governmental payment and collection processes, which we talked about, IPAC.

And now we're going to do a collection. So, we're going to go financial management functions, financial management, and go to billing and collections, and collections, Number 3. And like I said before, you can use that menu ID to type it in at the bottom, and it would go automatically to this screen. Collections, okay. First we're going to go down to this symbol and put in 8736.

That's our civil presentation symbol. We also have a military, which is 8735. And our pay method, if you hit F4, you get a list of the different types of pay methods that we have. We're going to use bank draft disbursement up there.

So, you can also query that up at the top if you wanted to if you had a different one. Pay reference number is the check number that you received, and we're going to do $10,000. And it will tell you if you try to pass a bill that you have to have in there.

And like I was saying before, down here on the bottom it tells you what you're supposed to enter in. And we're going to do a performance bond. So, you type in performance bond, and it gives you extra space if you need it, and then go down to collection type, F4, and you can see we have tons of collection types. You can hit F2 and type in if you know what it is, go ahead and type it in. Go over to the description if you have a better idea of what the description might be. Hit F3, hit enter to select, and there's supposed to be a bunch of stuff coming up there today, but it's not coming up. It did come up this morning.

Anyway, you would get something here. It is a test database, and they just recently upgraded. We were kind of afraid something like this might happen. So, anyway, you would put in your type, and we'll have to get out of this, because our table is not loaded.

And then you would go on and hit save, and you would have a collection. And you would tie it to the deposit. And typically, that would not happen. Okay. So, the types of problems that they encounter in disbursing is failure to receive proper documentation in a timely manner.

Disbursing comes in at, like, very early in the morning, and so they need to have all of their documentation quickly so that they don't send out any checks through the mail or anything.

So, anything coming from other offices, like if travel has a special handling that has to go over by a certain time and it doesn't go over there, there's a possibility that the check goes to the wrong vendor or something like that. So, we try to avoid things like that. Incoming payments are not properly identified; so, they don't know where to apply it to, out of balance with the receiving officers voucher, ROV, which is done at the distance level, and if he does an ROV and we go to collect it and it doesn't match up, then we have problems.

We have to go in and find out what what's wrong and contact the district. In-process changes, if for some reason somebody needs to change something in the UFP, then they need to do a Treasury check and stop the processing and change it. It can cause delays or problems. And if the wrong information is provided in the back-up documentation.

And all of these things, for the most part -- the first one is going back to internal problems on what happened. So, as you can see, our customers are everywhere. We have five different areas in disbursing that we have in the PWS.

General Disbursing Support Services is where they support -- they sort all internal and external documents they receive. They sort and distribute internal disbursing transmittals that come through other areas, they verify and reconcile incoming negotiable instruments, monitor the special handling bins, which, anytime something has come from accounts payable or travel that has special requirements, they have to attach it to it, but it in a bin, and make sure they pull everything out, and they research and validate all Central Contractor Registry data.

Central Contractor Registry is all of our UFP data that they submit. So, they have to verify that that's correct. Collection support services, they create and process collection vouchers and they create and process debit vouchers.

Deposit support services, they have to create the deposit tickets, they image the deposit tickets and checks into the INET system and database we use, they have to witness all of the deposit tickets, and it can't be witnessed by the same person that created it, they coordinate the deposit pick-up with the armored courier, and they confirm all the deposit tickets in the CASHLINK2 system.

Service provider responsibilities in the check issue and related services, they assist with the daily check and EFT issue routine, they have to reconcile the check registers and make sure they balance, they assemble the daily, automated disbursing/collection registers, they pull all the special handing checks and stubs, so they have to go through all of the checks and pull them out and make sure they're matched up, they prepare checks, stubs, W-2s, 1099 miscellaneous, and 1099s for mailing.

Some of those are just once a year, but it can be about 30,000 documents they have to prepare to be stuffed into envelopes. So, IPAC support services, they prepare and maintain IPAC trading partner agreements with all of the different entities, they download and process IPAC transactions from GOALS2 daily, they upload IPAC transactions to CEEMIS2, which is our Corps of Engineers Enterprise Management Systems, Information System, provide supporting documentation to customers, and process intra-government EFT payments, collections, and adjustments through GOALS2 and in CEFMS.

Then we have miscellaneous disbursing and operational support services, and in that area, they assist in stop payment processes, assist with EFT rejects, the rejects that they have to contact to find out what the UFP information is, they prepare documentation for miscellaneous disbursement, and that's where all of our -- like, our paid employees for things they purchased, and they escort visitors, because of our secured facility, and if you do not have access to the room, you have to be escorted.

Customer service, we talked about the processes, but customer service is a key thing at the finance center. It's what our people do. It's what we're known for.

We really think a lot of the customer service that we've provided in the past, and we don't want to loose that continuity that we have between our internal customers and our external customers. We are a reimbursable organization, so everything we get funding-wise comes from the district. We don't get any direct fund money. So, we have to do a good job, or, you know, no money.

We're a world-wide service provider. We have customers all over the word. It's very important -- I mean, we deal with different cultures, we deal with different socioeconomic backgrounds.

We have people that are million dollar contractors, and then we have mom and pops that monitor our dams, insurance to our dams and everything. So, I mean, our contractors range from one end of the spectrum to the other. It's just essential to the UFP that we have exceptional customer service. So, we want to make sure that we need to do that.

Who are our customers? We have vendors, other governmental agencies. We deal with a multitude of governmental agencies. We have our Supported Activities, which are our 62 sites, and we have our employees. And now, if this service provider contract does go to a contractor, we have contractors and employees working together in the same room.

So, that's pretty much it. And we're going to take questions for the panel. So, if you have any questions about anything we've discussed so far, you can ask away. Are you guys ready? And could you please give your name?

MR. GASTON: Grady Gaston, Gradkell Systems. What is the status of joining the DPS, the development?

DR. RICH: I'm sorry?

MR. GASTON: Yes, what is the status of using the DPS system as opposed to the developed CEFMS?

MR. BROCKMAN: Currently, Grady, we're at an impasse on the DPS in those issues, so we don't know that.

UNINTELLIGIBLE SPEAKER: I'm Eric (UNINTELLIGIBLE) from Omni Government Service (PHONETICALLY). Pam, the first thing I'll say is, great PWS. One of the clearest I've read, and a good, clear presentation, which is often not on the case. I would like to visit the site as soon as practical.

But my real question has to do with phase-in, if it's awarded to a contractor. Because one of the most important dates for us, given that there's a right of first refusal, is when is the rift process complete, when will displaced employees know that they're going to be displaced? Because we have to hire them if they're qualified.

Now, that affects our phase-in plants, security plants, everything. That is a very critical date for us. And given, what, a 28th of February award date, announcement, 28th of February, how in the world are you going to complete a rift process by 1 April in phasing?

DR. RICH: Well, the contracting officer can't -- let me make sure I understand, because we're going to try to capture the --

UNINTELLIGIBLE SPEAKER: I'll submit it in writing.

DR. RICH: That's a good idea. But your real question is, what you wanted to know was when would a rift be completed?

UNINTELLIGIBLE SPEAKER: Yes, because if we're required to give them a right of first refusal, and we're with the civil servicing, I wouldn't even talk to me until I've gotten a letter.

DR. RICH: Submit that in writing, and we'll try -- you know, for those of you that are involved in A-76, there are a lot of moving parts.

That is a key one, and that has to do with how we take care of people; how people are treated in the process, an incredibly critical dimension. I understand that question. We'll try to get you -- get everyone an answer to that to the best of our ability.

And that, to be honest with you, that may be limited, because -- well, we'll do our very best. And we need to engage HR in answering that question.

UNIDENTIFIED SPEAKER: When is the deadline for written questions?

DR. RICH: We really haven't set one yet, but please get it in. In other words --

MR. BROCKMAN: We have an HR representative here, so --

HR REPRESENTATIVE: Just for the record, I can tell you that we are looking at it. I've been in contact with headquarters, and we're looking at it, and there's discrepancies, and we're trying to work on that.

MR. LYNDON: Kurt Lyndon with (UNINTELLIGIBLE) Group. Yes, just a question, as part of the attachments and so forth to use -- my question is an HR issue, do the people maintain legally the seniority, like, if they're going to work in the same job?

And if they get a form from one contractor to another for the same job, do they keep seniority, which drives a lot of things? So, my question is, does the person that works for ten years in that job for the government and transfers to a contractor, does that person maintain the ten years of service?

HR REPRESENTATIVE: What are you using as seniority?

MR. LYDON: Seniority is based on many

things; vacation time. So, if I had someone who had 30 years, it would be a lot different than one year. So, my question is, would the person who transferred start at zero and start building seniority, because its -- he's no longer in a system? Would it be handled it almost like a retired person in the military?

DR. RICH: Could you submit that -- again, that's really an HR question, and could you submit that in writing?

MR. LYNDON: Sure will. And where would I -- through the website, that formal comment?

DR. RICH: Yeah, so we can capture that. We'll take the numbers. And we'll try to get -- we need to coordinate with HR on that, because it's vague to me.

You've got a person leaving one system going to a different system. I'm not sure I understand -- well, let's let the proper authorities answer that.

MR. BRACCIALE: Steve Bracciale with National Sourcing. I apologize; I didn't hear you real well, so I may be asking a similar question. First of all, I guess trying to answer a question that was answered, is the phase-in period of 90 days, is that to provide a transfer of incumbent employees and to accommodate the interviewing process, I would imagine as the first question was asked? Is that --

DR. RICH: Well, let me give you a real broad answer to that. Phase-in period is that period of time that the service provider ramp up so that on day 91, they are able to implement their solution. They are then responsible for the implementation.

MR. BRACCIALE: See, and that's -- that's about how long that we took on some contracts to transfer, interview incumbents, and do all that. So, my sense is that you might be in good shape there.

DR. RICH: Well, we didn't pull 90 days out of the air, and I'm not sure it's a -- that's an absolutely correct period.

MR. BRACCIALE: Usually 30 to 60. I think you're in great shape with 90.

DR. RICH: But all of that stuff that has to happen for you to ramp up, that is what that phase-in is.

MR. BRACCIALE: Then I applaud those 90 days. Just let me -- I didn't hear you real well. The current group of incumbents, if you will, that are managing -- that are engaged by the finance functions, are they -- who is managing? Are they governmental employees, incumbents --

MS. KILDOW: No, they're all government employees.

MR. BRACCIALE: Okay. So, the seniority question becomes very -- and the longevity question becomes a big question. I mean, I think technically I know how it may come down. You're going to have some employees that aren't the happiest in the world with this.

MR. MILLER: I'm a little confused by the line of questioning. Steve Miller with TruCourse Technology. Is it that the employees that are working here are going to be displaced by new people?

Because the impression I'm getting is that we're talking about taking some of those employees and converting them to contractors as part of this -- as part --

DR. RICH: Well, we're getting ahead of ourselves here. First of all, it will depend on who wins the competition before this becomes an issue. But the question had to do with, and it really is HR related, and that is, if a private sector service provider were to win, there are a series of requirements. And so, it's stuff that's -- I don't answer those questions, but if that were to occur, then there are guidelines that have been established to help that transition, but --

MR. MILLER: So, maybe I missed this in the documentation I was provided on the website, but are there a list of employees that are going to be available for hire as a part of this?

DR. RICH: Well, I'm going to -- at this point, the answer is no.

MR. BROCKMAN: Whether they're available or not? They get first refusal. But whether they're available or not, I couldn't say.

MR. BRACCIALE: Whether they're available is the operable word.

DR. RICH: I can't answer that question. I can't answer that question for them.

MR. BRACCIALE: I'm sorry to make it so informal, because as we're putting together bids, he's right; you've really got to know the answer to all that, because, i.e., the, you know, if vacation counts as towards the seniority, which it probably will, they go from government to contractors, then you've got to accommodate that in the bid process.

UNIDENTIFIED SPEAKER: I have a different kind of question. Will the positions and allocation of positions be available?

DR. RICH: You're talking about the current positions?

UNIDENTIFIED SPEAKER: Current positions.

MS. KILDOW: Actually, we had a question I think might be posted on the website that asked how many people by division of the current.

UNIDENTIFIED SPEAKER: Okay.

UNIDENTIFIED SPEAKER: I guess a question I have that ties maybe some of this together is that the A-76 requirement, the contractor that wins will be required to embrace the labor agreement in place. Approximately what percentage of the work force is covered under this labor agreement?

MS. KILDOW: All employees would be covered -- you mean our Union contract?

UNIDENTIFIED SPEAKER: Yes.

MS. KILDOW: All employees would be -- would be bargaining Union employees.

DR. RICH: If the question -- well, let me refrain this, because off the top of my head -- this is a great discussion -- off the top of my head, I don't know what the Collective Bargaining Agreement with federal employees has to do with this for you. But pose the question, pose it in writing, and let's make sure that I'm not getting -- I mean, I'm not answering for HR.

HR REPRESENTATIVE: All of the employees in the finance center are covered by a bargaining Union agreement except for supervisory personnel. We have a professional bargaining agreement and a non-professional bargaining agreement.

MS. WALLS: I understand that point, but I guess my question I thought he was asking, I understand that, but when we move into a contract -- I'm sorry. My name is Sandra Walls, and I'm with AVPOL International. Then the agreement does not apply, or it still applies? They're no longer government employees.

DR. RICH: Well, pose that question, but just -- I think the answer is the collective bargaining agreement would not apply to an employee that was leaving to now work for a private sector. And that's I -- yeah, put it in writing and all of that.

UNIDENTIFIED SPEAKER: Yeah, I'll put it in writing and all that, and if we're going to be successful in making that transition, then there are a couple of tenants of that agreement that we'd better try to adopt. That's all.

MR. MILLER: This is my first experience with this kind of situation, so I apologize if my questions seem ignorant, but if I'm putting in a bid for pricing, a pricing model based on staff that I don't know that I'm going to be able to hire, how -- how does that work?

I mean, obviously you're looking for positions to be filled as part of the solution agreement. If I don't know what employees you'd like to retain as part of that --

DR. RICH: No, no. What I'm looking for is a proposal in response to the PWS. That's what I'm looking for. There are a series of business decisions that a private sector service provider would need to make.

Some of these business decisions to be made, a service provider should have an awareness of the requirements of the circular, write of first refusal, and other things that might apply. All I can say is, we can push that information to you. Obviously we can't make business decisions for you as to how you would coordinate the proposal. I know that's not a great answer, but it's the best I can do.

MS. KILDOW: But I don't know -- you have to also understand that when they talked earlier about a rift, the people sitting who are sitting in the positions that may be in the study right now in a rift could fall out and become a government employee on a different side.

I mean, it would all shift around. So, we don't have a list of names right now until they do a rift, and we'd never know.

MR. MILLER: Okay. Well, I guess the point of contention I have is, I would -- I'm making an assumption here, and you can tell me if I'm right or wrong, but there are people that currently work as employees in the finance center that you would like to retain?

HR REPRESENTATIVE: No.

MR. MILLER: No?

MS. KILDOW: They have right of first refusal.

DR. RICH: Don't -- don't make that type of assumption, please; all right? Just respond to the RFP, and we have a series of policies related both to the circular and to the HR policies that may be helpful to you. But don't make assumptions like that.

MS. KILDOW: I think what we need to do is probably in writing explain what right of first refusal means, because that's what I think the misunderstanding is that we have. So, if somebody poses that question, we'll try to explain that in writing.

DR. RICH: Because you're not required -- well, we'll explain it in writing. But do submit the question. As I said earlier in my presentation, we really want to try to make sure you have a good understanding of the process and what we're asking for. So, please do submit it, and we will respond in writing.

MR. WALLACE: Ricky Wallace with Administrative Services. I'll go in a different direction as far as questioning, and I can appreciate your -- having worked in the DoD finance office before, I can appreciate your emphasis on customer service. One of the questions I have is related to the travel in terms of volume, and I also see that the service provider would be required to process travel advances. Could you elaborate in terms of the type of volume, and then also the -- let's say turn-around time for paying those advances, and as well as settlements upon receipt?

MS. KILDOW: All of the -- in the TE2 (PHONETICALLY) of the PWS, it lists every single line item for 2004, how many travel advances we had, and the total for that year, and that should give you a good indication.

MR. WALLACE: Okay. And also advances?

MS. KILDOW: Advances, vouchers that are processed, invoices that are processed.

MR. WALLACE: Okay. And then, requirement for turn-around time?

MS. KILDOW: Requirement for turn-around time would be included in the regulations that were listed in the technical library.

MR. WALLACE: Okay.

MR. DAWS: Bobby Daws (PHONETICALLY) with GPS. On what he's talking about, the workload spreadsheet, just for clarification, there's a bold number on the right that goes with each top level service. Am I correct in saying that that's the number of man hours per year? I know there's a number of documents for each month.

DR. RICH: Bob, could you give us the site that you're referencing?

MR. DAWS: It's TE2. It's technical Exhibit 2, 38488. I just thought I'd get clarification on it; what that number was. The very right -- for each topic.

MS. KILDOW: It has nothing to do with man hours. I think it's just a form thing.

DR. RICH: We will get -- actually, post it as a question, or you post it, and we'll get an answer back.

MS. WALLS: I have a dumb question, just from -- going back to the organizational structure requirements, the accounting question is good, but, so, the chain of command, just for clarity, the chain of command for the SP is directly under Tom? Is that under Tom's? Is that how that falls?

MR. BROCKMAN: Actually, I'm at the top, and then it falls under Lee, which is the deputy director of that division. That's not the -- it falls under the director of finance.

MS. WALLS: Okay. So, for reporting

purposes -- obviously they report, and then all of these things we would have to do -- to be -- the requirements are still going to be there, so are there -- all are there -- is it Lee, or is there somebody within the USACE structure that we have to interact with on a daily basis?

MR. SMITH: There will be a representative here in this building.

MS. WALLS: Okay.

DR. RICH: And, once again, that answer presumes that it's a private sector provider, in which case we will execute a contract as -- and as with all of our service contracts, we will have a DOR. But I can assure you, if that is the configuration, it will be made very clear to you what the channels are that you'll be doing.

MR. GASTON: First right of refusal, when you clarified this, please indicate whether if a person is in, say, travel, had first right of refusal in disbursing, if we see that there are fewer slots in travel, in other words, if you've got X in travel and we see Y, which is less than X, then does that person that's -- that we do not select for travel have a first right of refusal in the slot in another section, or only in their own division?

DR. RICH: Okay. We'll capture that.

MS. ROWE: I'm Helen Dortch with ASI. You indicated there would be some W-2s, and I didn't quite understand that since there was no salary processing.

MS. KILDOW: The W-2s are actually processed by our accountants.

MS. DORTCH: Right, but I think I saw on one of your schedules --

MS. KILDOW: The only thing that we do with W-2s as a service provider is we put them in the envelopes.

MS. DORTCH: Okay.

DR. RICH: There was one -- there was one back here. I saw one other hand.

MR. MILLER: Right here. Can you provide some percentage values for the issues you have to deal with for each of the different areas that we're talking about in terms of hours per week, or -- so that we can kind of get the workload a little better?

DR. RICH: Pam, what do we have now with technical exhibits?

MS. KILDOW: I'm sorry. Could you say that question one more time? I was writing.

MR. MILLER: Yeah. If you can provide some percentage of work hours for issues that we know have to be dealt with on a weekly basis on average in addition to their standard workload?

UNIDENTIFIED SPEAKER: In other words, you have volume, but you have no order of time. We don't know if it's a one minute phone call or a one hour phone call.

MR. MILLER: Or how much time that person is spending per week doing daily operational stuff versus running down issues.

MS. KILDOW: Um --

MR. MILLER: And, again, I don't want to make assumptions here, but if you're providing the number of resources that you currently have that are doing these functions, that will help, but it would be good to know that.

DR. RICH: Just present that question in writing.

MR. MILLER: Okay.

UNIDENTIFIED SPEAKER: Just a -- just a quick -- I'm with ASI, did you say you do have a cut-off date for questions, or you do not, are you going to establish one?

DR. RICH: We will establish one.

UNIDENTIFIED SPEAKER: You will establish one?

DR. RICH: Obviously we would prefer that -- the quicker you get them in, that gets us more time to research it and get it back out. But we'll give a submission date.

Yeah, we haven't set something like that, because, I mean, I don't -- I want to encourage questions, and I want them to come in quickly, but I don't want to say, well, if you're one day late we're not going to respond, because it's just -- that's not the kind of message I want to send to the community.

On the other hand, please get these things in so we can research them and get them out and get you good answers.

MR. BUTLER: Steve Butler, The Ravens Group. When we come back with our FTE equivalent under the technical piece, are we using 20/80 for hours? We're to equate our proposal back to you in terms of process and other things like that, and FTE equivalents, and --

DR. RICH: Steve, please submit your

question.

MR. BUTLER: Are we using total hours, or 18/40 or something like that?

DR. RICH: Submit that.

MR. MILLER: When will the Power Point be established?

MR. SMITH: I hope to have them up tomorrow.

MR. MILLER: Okay. Great. We'll get those right up.

DR. RICH: I would like -- I would like to ask, for those people that just asked questions, if you would take just a moment when we're done here and give your name to the young lady over here, because it's probably very difficult to capture all of those names.

We're not going to do it -- we're not going to do a verbatim transcript, but we're going to do the best that we can. But it's helpful with the answering questions if we have names.

MR. BRACCIALE: Steve Bracciale, National Sourcing. The -- are the employees that we provide to you, I would assume, subject to the wage and determination guidelines?

DR. RICH: Service, yeah.

MR. BRACCIALE: They are?

DR. RICH: Yes. I mean, this is a -- see, this is a federal contract. So, there's nothing you need --

MR. BRACCIALE: So, that answers a lot of questions. Okay.

DR. RICH: If that's it, get your -- if that's it, please get your questions in. By the way, I'm always -- and no matter how well prepared I think I am to answer things in certain areas, people bring up issues that just didn't occur to me.

And they're obviously important when multiple people ask them. So, we'll do our very best to get good data out there to you. Once again, we can't make recommendations for you, but we can do the best job that we can, not only getting good data out, but obviously it's clearly important that we have some understanding of some aspects of the different components. We'll get -- we'll get that posted out there. Okay.

MR. SMITH: One thing, it's important for me to make sure I get the information back to you and let you know when the amendments are out and whatever information, so it's important that you're registered with our Baltimore website so we can push email to you. That's very important. So, if you're not registered, please do.

UNIDENTIFIED SPEAKER: Will all the questions that are being asked in the forum be published for everyone to read responses to?

DR. RICH: Yes, and that's why it's important that you get it to us in writing. If you're going to have a transcript, we may not be able to -- our interpretation of your question may not be exactly what you asked. So, when you get back, get those in, use the website, and then it will go back to everybody.

MS. TAM: I have one last question, Angelus Tam with National Sourcing. It's in reference to one of the earlier questions. If the employee currently now, if they're tenure with the government is taken into account for vacation and what not, other benefits, could we get a list of the current incumbents with their tenures, or at least their positions with their tenures?

MR. BRACCIALE: That's very important, yeah.

MS. TAM: I mean, it affects our pricing structure, because if they get -- because on one of our current contracts now, they've been here eight years, they get three weeks versus two weeks, and you know, so on and so forth.

DR. RICH: Well, I'm still having trouble with that link between -- between the federal personnel system and the benefits, and if someone were to -- to leave and work for a contractor, I'm struggling with that link.

MS. TAM: No, I'm just saying if -- one of the earlier questions were -- is their tenure taken into consideration, you know, when they become a contractor, if it was awarded to a private sector.

DR. RICH: No, I mean, I think --

MS. TAM: Oh, okay.

DR. RICH: But your question -- submit your question. Your question really was, could we provide you a list. Submit it in writing, and we'll get something out to you. But I think Tom answered that. We wouldn't know who was -- you know, who was available. Yes, ma'am.

MS. ROWE: I think it's just a follow-up, but once the work is contracted out, it is my assumption that any employees who were picked up would then become employees of the contractor, subject to the contractor's policies or benefits, travel, anything like that.

DR. RICH: To the best of my knowledge, unless I -- I mean, I have never seen it otherwise.

MS. ROWE: Okay.

MS. WALLS: Well, except, now -- I think she's right. I'm in agreement. But the one thing I do have to add, and it goes back to the benefits, in most government contracts, if an employee is incumbent on another government, you do have to take into account from a benefit perspective what their vacation time is.

There's a difference whether an employee has been there one year, three years, or five years. So, from that perspective, then I guess going back to her question, maybe that's what she was referring to -- but no, I'm not talking about governmental employees, I'm talking about people who are incumbent on government contractors.

There are provisions in the Department of Labor of Wage Determination that state that you have to take into account vacation time, if they've worked for the government five years, 15 days, something like that. I'm assuming that's what you're referring to.

MS. TAM: Yes, ma'am.

DR. RICH: But ma'am, if you're talking about -- you're saying if they work on a government contract?

MS. WALLS: Right. I'm assuming that --

DR. RICH: There are no people in that -- you don't have that population.

MS. WALLS: So, these government employees, then -- I'm going back to her question -- these government employees, those provisions of the FCA, whatever it is, whatever it is, then that applies to government employees.

DR. RICH: They -- submit that in writing.

HR REPRESENTATIVE: We're not going to answer those questions right now, because we don't want to give you wrong information. Put it in writing; once we publish it, it will be the correct information, and it will go to everybody.

MR. LYNDON: Kurt Lyndon from the (UNINTELLIGIBLE) Group, because I was the one who started the question, and my question is, and I'll put it in writing, is there a legal requirement to transfer seniority from a federal employee to a contract employee?

DR. RICH: That's a good question, and get that to us, and I think if we answer that question --

MR. LYNDON: Everyone's going in and out of it, but that's the question.

DR. RICH: Well, it's another issue that has to do with right of first refusal, and we'll deal with that and get that out. Okay. Well, I personally thank you very much for your level of enthusiasm and interest and passion, as well as your attendance. Pam?

MS. KILDOW: Thank you for coming.

DR. RICH: Okay. Thank you. Once again, I would greatly appreciate it if you asked a question if you'd give your name to the lady to the right.

(WHEREUPON, THE PROCEEDINGS HEARD IN THIS CAUSE WERE CONCLUDED)

C E R T I F I C A T E

STATE OF TENNESSEE:

COUNTY OF SHELBY:

I, STACY R. MURPHY, Certified Court Reporter and Notary Public, Shelby County, Tennessee, CERTIFY:

The foregoing proceedings were taken before me at the time and place stated in the foregoing styled cause with the appearances as noted.

Being a Court Reporter, I then reported the proceedings in Stenotype, and the foregoing pages contain a true and correct transcript of my said Stenotype notes then and there taken.

I am not in the employ of and am not related to any of the parties or their counsel, and I have no interest in the matter involved.

I further certify that in order for this document to be considered a true and correct copy, it must bear my original signature and that any reproduction in whole or in part of this document is not authorized and not to be considered authentic.

Witness my signature this the day of , 2005.

STACY R. MURPHY

Notary Public at Large
For the State of Tennessee
My Commission Expires:
May 17, 2005